

Iryna Hrynychshyn

PhD (Economics), Senior Researcher,
Department of financial regional policy
M. I. Dolishniy Institute of
Regional Research of NAS of Ukraine,
4 Kozelnytska Str., Lviv, 79026, Ukraine,
i.hrynychshyn@ukr.net

**IDENTIFIED THREATS AND PROSPECTS OF IMPROVING
THE SYSTEM OF SOCIAL PROTECTION
OF THE POPULATION OF UNITED TERRITORIAL
COMMUNITIES
(ON THE EXAMPLE OF THE CARPATHIAN REGION)**

Abstract: The article analyzes the peculiarities of functioning of the system of social protection at the level of territorial communities of the Carpathian region in conditions of decentralization of power. An integrated assessment of the organization and financing of social protection in the united territorial communities allowed us to identify the gaps in ensuring the effective and qualitative provision of the relevant services: the lack of spatial organization of specialized social services institutions; different level of social services provision; fragmentary nature of children's rehabilitation at the expense of financial resources of UTCs; insufficient level of provision of administrative services in the field of social protection; the lack of financial support for public initiatives regarding the provision of social services at the local level, etc. It has been determined that promising tools for effective social protection of the united territorial communities may be the provision of social services by non-governmental organizations through social order and cooperation of territorial communities in the field of social protection.

Keywords: social protection, decentralization, united territorial communities, Carpathian region.

JEL classification: H4, H7.

Introduction

In the current conditions of the reform of local self-government and territorial organization of power in Ukraine, issues of the ability of local self-government bodies to exercise their powers are gaining importance. The need to ensure proper social protection of the population of united territorial communities requires financial conditions for functioning of the social protection system at the level of the territorial communities to be defined in view of changing financial relations between different levels of local self-government and the emergence of individual risks that accompany these processes.

In Ukraine, in recent years, there has been a change in the priorities of Ukraine's fiscal policy in terms of increased financing for social protection, which is due to an increase in the share of these expenditures in the structure of the Consolidated Budget of Ukraine. However, the proper financing of expenditures on social protection and social security of the population today is complicated, firstly, by systemic problems that manifest themselves in the imperfections of the current system of social protection in terms of the formation and use of financial resources; and secondly, the problems of the division of powers in the field of social protection and their financial provision in the context of decentralization of power.

The purpose of the article. The purpose of the article is to identify threats and substantiate the prospects for improving the system of social protection of the population of united territorial communities in the conditions of decentralization of power on the example of the Carpathian region.

Research results

The inclusion of territorial communities in the process of decentralization of social protection took place without eliminating the systemic problems of the functioning of this sphere, as indicated in previous studies. Among the systemic problems that need to be addressed are the following:

- Establishing common approaches to the planning, designation and financing of privileges in order to avoid inefficient use of financial resources through the verification of social privileges and recipients of privileges and, in the long term, gradual replacement of such kind of social protection as a privilege by other (more socially just) types, which will be in line with the main objective of social protection - provision of material support to socially unprotected persons;

- In order to reduce the differentiation of regions in terms of providing social assistance to the needy, the priority is to develop mechanisms for strengthening its targeting and implementation of the large-scale policy of reintegration of the abovementioned persons into the work activity taking into account the regional specificity;

- Creation of integrated (unified) centers for the provision of social services, taking into account the recipients and their predicted quantity, while simultaneously unifying the functions of other institutions specializing in providing social services to other social groups;

- Leveling disagreements in loading levels and levels of financing of territorial centers for the provision of social services, taking into account the territorial differences of the recipients and assessing the needs for social services, and ensuring an adequate assessment of the needs for social services that (subjective from the point of view of the monopolized provider of social services) territorial centers provide.

Administrative-territorial reform in Ukraine is based on the Concept of local self-governance and territorial power reforming (Verkhovna Rada of Ukraine 2014, Available from: <http://zakon3.rada.gov.ua/laws/show/157-19>) and the Law of Ukraine "On Voluntary Unification of Territorial Communities" (Cabinet of Ministers of Ukraine 2015, Available from: <http://zakon.rada.gov.ua/laws/show/333-2014-%D1%80>). The reform of local government covers decentralization of expenditure responsibilities, including the field of social security. The Concept of reforming local government and territorial organization of power in Ukraine specifies the main powers of local governments of the basic level in the sphere of social protection that includes social assistance through territorial centers – own powers. In accordance with the Concept, bodies of local self-government of the basic level are given powers in accordance with their

personnel, financial, infrastructural capacity and resources on a new territorial basis, which requires a complex problem-oriented analysis with identification of the main risks accompanying the process of organization and financing of social services by the basic units of administrative-territorial arrangement; provision of social protection services for the population (payment of pensions, subsidies, compensations, provision of privileges) by the structural subdivisions of territorial bodies of central executive authorities at the basic level.

Taking into account the above, an analytical study of a decentralized system of social protection in the Carpathian region (Zakarpattia, Ivano-Frankivsk, Lviv, Chernivtsi region) during 2016-2017 was carried out, the results of which indicate the riskiness of many processes and the presence of a range of unresolved problems, among which:

1. *Establishment of institutions by united territorial communities specializing in social services and provision of social services takes place without a clear argument of their territorial location.*

In the united territorial communities of Carpathian region, financial support for social expenditures was characterized by a variety of approaches to the organization and provision of social services. It is worth noting that this process is accompanied by the subjective view of a territorial community whether to create or not to create an institution of certain profile, while the question of taking into account the composition of the territorial community according to the number of settlements, population, its social composition and density of residence, localization of potential recipients of social services, etc. remains unanswered.

Table 1: Local budget expenditures on social protection in united territorial communities of Carpathian region

UNITED TERRITORIAL COMMUNITIES	SOCIAL PROTECTION, total, UAH		SOCIAL PROTECTION, incl.																		
			Territorial Center of Social Services (provision of social services), UAH		Center for Social Services for Families, Children and Youth, UAH		Compensation for privileged travel, UAH		Provision of social services at the place of residence, UAH		Recreation and rest of children, UAH		Financial support of non-governmental organizations, UAH		Organization and carrying out of public works, UAH		Other expenditures of social protection, UAH				
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017			
IVANO-FRANKIVSK REGION																					
Starobogorodchanska	35600	121182																35600	76662		
Verkhnyanska	493809,9	801681,1	282998,6		103611,3	82200,3			498280,9									107200	121200		
Pechenezhinska	168222,6	770229,1						19486,19	497581,6	13099,21								168222,63	240062,2		
Biloberizska		40206,14																40206,14			
Bilshivtsivska		165910,9							98010,93										67900		
Vytvitska		228204,4							228204,4												
Mateivetska		180206,5						14594,51	31232	640									133740		
Nyzhnoverbizka		211822,1						14632,19	93696	2211,89									101282		
Pyadytska		33153,26						16763,26											16390		
Kosmatsa		40651,92							18351,92										22300		
Tlumatska		148819,5																16619,47	132200		
LVIV REGION																					
Babynska	93878	324995,6																45995,56	93878	279000	
Biskovytska	265672,7	231200															362,67	265310	231200		
Vilshanitska	8048,2	31370,75														2618,2	26870,75	5430	4500		
Vole-Baranetska	2000	52365,48																3765,48	2000	48600	
Hnizdychivska	146800	580132,3		316000,3														45292,04	146800	218840	
Hrabovetska	32420	52640																	32420	52640	
Dublyanska	22000	70081,48																65081,48	22000	5000	
Zabolottsivska	12914,01	96189,52														11414,01	96189,52	1500			
Lukivska	500	2000																	500	2000	
Mizhenetska		0																		0	
Novokalynivska	361019,6	658833,6			166817,4	160095,4												67402,23	281938,1	126800	216800

Novomiska	1000	3200														1000	3200
Novostrilyshchanska	8940	117100														8940	117100
Trostryanetska	812452,3	728422,9							245290	223440,00			5762,29	15982,93	561400	489000	
Chukvyanska	38732,32	172874,3											5732,32	60374,3	33000	112500	
Khodorivska		877950,5				144000	19005,11										714945,4
Mostyska		1891344							1383924								507420
Sudovovyshnyanska		216018,9				46068,9											169950
Nizhankovichivska		2000															2000
Davydivska		928114,3							31232	92 882,30							804000
Zhovtanetska		679526,5												88026,46			591500
Shehynivska		223000															223000
CHERNIVTSI REGION																	
Vashkovetska		59779,16														37288,05	47293 62009
Velykokuchurivska		110696,8							172074,9	87500				2091,43	106900	165107,1	
Volokivska		61700													61700	82700	
Hlybotska		268236,6				150000				80000				78491,08	229730,00	452100	
Klishkovetska		13000													13000	33500	
Mamalyhivska		76200								191466	2400	2400			73800	108700	
Nedoboivska		93100													93100	88600	
Rukshinskaya		27180,88													14950	40000	
Sokyryanska		86786,95									2400	2400			84386,95	99890,67	
Ust-Putylska		1399													1399	10400	
Vashkivetska									484507,4	66500					84702,39	176765,8	
Vyzhnytska										195000		5000		20202,27		668629,3	
Krasnoyilska										22500		3600				24158,22	
Storozhynetska										199900		19500		200958,4		666774,5	
Tereblechenska																418500	
Chudeska															4216,32	76100	

Source: Compiled by the authors based on data from the State Statistics Service of Ukraine and the State Treasury Service of Ukraine

2. *Significant differentiation of social protection expenditures at the basic level points to the risk of non-fulfillment of their own powers in the field of social protection and, accordingly, different levels of provision of social services.*

Thus, financing of own powers in the field of social protection at the level of UTC in 2016-2017 points to the following features:

- Different level of ability of the UTCs of the Carpathian region to finance social services negatively influences the proper level of provision of people with social services;- the residual principle of financing social services at the level of UTC (in comparison with other spheres);

- The lack of provision of social services in certain UTCs undermines their ability to exercise powers in social security sphere.

3. *Change of exclusively financial relations between different administrative-territorial levels, without changes in approaches to organization and provision of social services on the basis of subsidiarity, quality and efficiency.*

Transference of intergovernmental transfers between different levels of local budgets is regulated by Art. 101 of the Budget Code of Ukraine, according to which Supreme Council of the Autonomous Republic of Crimea and local councils may envisage in the respective budgets the following types of intergovernmental transfers: subventions for the maintenance of objects of common use or elimination of negative consequences of the operation of objects of common use; subventions for implementation of investment projects, including for the construction or reconstruction of objects of common use; grants and other subventions (Verkhovna Rada of Ukraine 2010, Available from: <http://zakon.rada.gov.ua/laws/show/2456-17>).

In 2016-2017, part of the UTCs directed funds from the local budget of the UTC to the rayon budget for provision social services to the residents of the UTC through the already functioning Territorial social service centers. For the reliability of the data, it should be noted that other transfers of social funds, such as funding for cultural, sporting, and other establishments, can be taken into account when transferring such transfers.

4. *The lack of proper motivation and an established mechanism of cooperation between UTCs and employment agencies does not contribute to reducing unemployment among the residents of a UTC through the organization and conduct of public work, which is confirmed by their absence in certain communities and insignificant amounts of funding.*

It should be noted that in some cases the specificity of providing public works with the involvement of professionals of the relevant profile is complicated by the need for licensed institutions that provide retraining of the unemployed. This situation has arisen with the provision of social services; in fact, there is a deficit of institutions that could provide licensed education and attract more residents to perform public work in the region.

5. *The fragmentary nature of the rehabilitation of children at the expense of financial resources of UTC - measures for the rehabilitation and recreation of children, besides the measures for the rehabilitation of children carried out at the expense of funds for health improvement of citizens, were carried out only in Starobogorodchanska UTC of Ivano-Frankivsk region, Trostyanetska UTC and Davydivska UTC of Lviv region, Velykokuchurivska, Hlybotska, Mamalyhivska, Vashkivetska, Vyzhnytska, Krasnoyilska, Storozhynetska UTCs of Chernivtsi region. It should be noted that in other UTCs such expenditures were not carried out.*

6. *Insufficient level of provision of administrative services in the field of social protection. Several options have been proposed by the central executive authorities to bring this type of service closer:*

- A remote workplace, a previous arrangement of reception (frequency of reception and provision of services is indicated), however, such powers may be delegated according to a decision agreed with the executive body in the field of social protection;

- Provision of services on the basis of the Centers for the provision of administrative services, etc.

The practice of the functioning of the newly created Centers for the provision of administrative services indicates that not all of them are ready for providing services in the field of social protection (reception of

documents for registration of pensions, subsidies, etc.). Taking into account the intensification of the work on the opening of the Centers for the provision of administrative services, there is an urgent need for coordinating activities on provision of social security services at the level of ministries, as well as raising the level of interest of local self-government bodies in provision of administrative services in the field of social protection. At the same time, it should be noted that the simple compilation of rayon level executive bodies to the level of UTCs is accompanied by an increase in administrative and management expenditures and needs further substantiation of the feasibility of such decisions.

7. Lack of financial support for public initiatives in providing social services at the local level. The involvement of non-governmental organizations in the provision of social services in the form of social orders at the level of UTCs of the Carpathian region is practically not carried out (this situation is characteristic for the whole of Ukraine).

The need to change the approaches based on financing the institution's network to the procurement and financing of social services through the social order mechanism is one of the promising directions for reaching a consensus between local authorities, civil society and social service recipients. Moreover, as a rule, such cooperation brings a synergistic effect and most fully reflects the key principles of a decentralized social protection system based on subsidiarity, efficiency and quality.

8. The incompleteness of the process of formation of united territorial communities does not allow to fully use the provided opportunities for using the instrument of cooperation of territorial communities and public-private partnership.

The study of the peculiarities of financing social protection at the level of UTCs indicates the existence of actual and potential risks that arose and accompany the process of decentralization in the field of social protection of Ukraine. Among them, in our opinion, the following should be noted:

- Systemic problems of functioning of the social protection system;
- Lack of responsibility of the united territorial communities and executive authorities regarding the provision of social services;

- Providing less priority in financing social security expenditures in comparison with other spheres;
- Differentiation of the level of financing of social services at the level of the united territorial communities;
- The practice of financing institutions, and not social services, is maintained (the principle "money goes with a person" is not used in full);
- Lack of reasonable approaches to the creation and placement of institutions specializing in the provision of social services;
- Not all social groups (children, youth, pensioners, etc.) are covered by social protection at the level of UTC;
- Absence of preventive mechanisms for the main risks in the field of social protection and deepening of the problems of poverty of the population.

Conclusion

Thus, it should be noted that the creation of united territorial communities during 2015-2017 in the Carpathian region in particular and in Ukraine as a whole, before the completion of the reform and the process of formation of UTCs were in a limited field of functionality and were forced independently decide approaches to organization and an acceptable level of expenditures in the field of social protection.

The assessment of the mechanisms for providing social services at the level of territorial communities in the Carpathian region indicates the lack of functioning of the specialized institutions of the corresponding profile in each UTC, due to the shortage of financial resources and skilled workers, different number of recipients of social services, as well as the lack of clarity of the legislative field regarding the division of powers between different levels of local governance. In view of this, promising instruments for the effective provision of social protection by united territorial entities is the provision of social services by non-governmental organizations through social order and cooperation of territorial communities in the field of social protection.

Bibliography

VERKHOVNA RADA OF UKRAINE, 2010. [online]. *Budget Code of Ukraine* [viewed 10 October 2018]. Available from: <http://zakon.rada.gov.ua/laws/show/2456-17>.

VERKHOVNA RADA OF UKRAINE, 2015. [online]. *On Voluntary Unification of Territorial Communities* [viewed 19 September 2018]. Available from: <http://zakon3.rada.gov.ua/laws/show/157-19>.

CABINET OF MINISTERS OF UKRAINE, 2014. [online]. *On approval of the Concept of local self-governance and territorial power reforming* [viewed 5 September 2018]. Available from: <http://zakon.rada.gov.ua/laws/show/333-2014-%D1%80>.

STATE STATISTICS SERVICE OF UKRAINE, 2018. [online]. *Social protection in Ukraine* [viewed 28 September 2018]. Available from: <http://www.ukrstat.gov.ua/>.

STATE TREASURY SERVICE OF UKRAINE, 2017. [online]. *Budget implementation* [viewed 1 October 2018]. Available from: <http://www.treasury.gov.ua/main/uk/publish/category/22813>.